



**REQUEST FOR RESPONSE (RFR):
RESOURCE MANAGEMENT SERVICES FOR LEMUEL SHATTUCK
HOSPITAL**

**Issued by:
Lemuel Shattuck Hospital
170 Morton Street
Jamaica Plain, MA 02130**

**Date Issued:
Monday, March 17, 2003**

**Response Deadline:
Wednesday, April 30, 2003**

The Tellus Institute (www.tellus.org) has developed this RFR in collaboration with Shattuck Hospital, and supported by funding from the Massachusetts Department of Environmental Protection.

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1.0 INTRODUCTION

This section provides information on the Lemuel Shattuck Hospital, the purpose and objectives of this solicitation for Resource Management services, and an overview of the current waste management and recycling program at the Hospital.

1.1 Organizational Background

The Lemuel Shattuck Hospital (henceforth “Shattuck or “the Hospital”), located in Jamaica Plain, Massachusetts, is the primary provider of outpatient and inpatient services for the Massachusetts Department of Public Health in the Metro-Boston area. As a fully accredited teaching facility, the Hospital provides a wide array of quality mental health, substance abuse, and human services. Shattuck has 278 inpatient beds, inclusive of a secure 20-bed inpatient correctional unit, and an additional 100 beds in its detoxification and AIDS treatment programs.

While Shattuck has instituted some recycling programs, it feels that it can improve resource efficiency (e.g., recycling, composting, reuse, and source reduction strategies) at its properties. .

1.2 RM Program Purpose

This RFR is to solicit the expert management services of an RM vendor (henceforth “Vendor”) to help Shattuck eliminate, reduce, re-use and recycle materials and (as a last resort) dispose of all wastes generated at the Hospital. This includes basic container service, hauling, and processing/marketing/disposal but its intent is to emphasize and reward value-added services that improve Shattuck’s resource efficiency beyond traditional waste and recycling hauling. The successful bidder must provide improved reporting, billing, waste tracking, and analytical services for waste disposal and recycling.

The program will include a compensation mechanism that creates an incentive for the Vendor to divert materials currently going to the landfill, or otherwise reduce waste generation. The RM program is envisioned as a partnership between Shattuck and the selected RM vendor for the life of the contract. However, it is intended that the successful bidder will be the driving force and “brains” behind increased diversion, working in partnership with Shattuck’s employees and other vendors.

1.3 RM Program Objectives

The Vendor’s program shall meet the following objectives:

1. Pursue continuous improvement in resource efficiency (waste reduction, reuse, recycling/composting) by taking a lead role to identify, and—with Shattuck’s approval—design and implement innovative, cost-effective means to reduce waste generation and increase diversion at the hospital.
2. Optimize current hauling, garbage disposal, and recycling operations and services to reduce overall waste management system costs, while meeting all medical waste and patient confidentiality regulations.
3. Provide detailed waste/recycling reports and billing/invoicing to support Shattuck’s waste reduction goal setting and performance tracking.

4. Collaborate with Shattuck staff from various departments (e.g., environmental services, food and nutrition, nursing) to implement the RM program. This includes conducting educational outreach and/or training as necessary on aspects of the RM program, including but not limited to, recycling procedures, proper waste segregation, and waste minimization.

1.4 Overview of Current Solid Waste Management at Shattuck Hospital

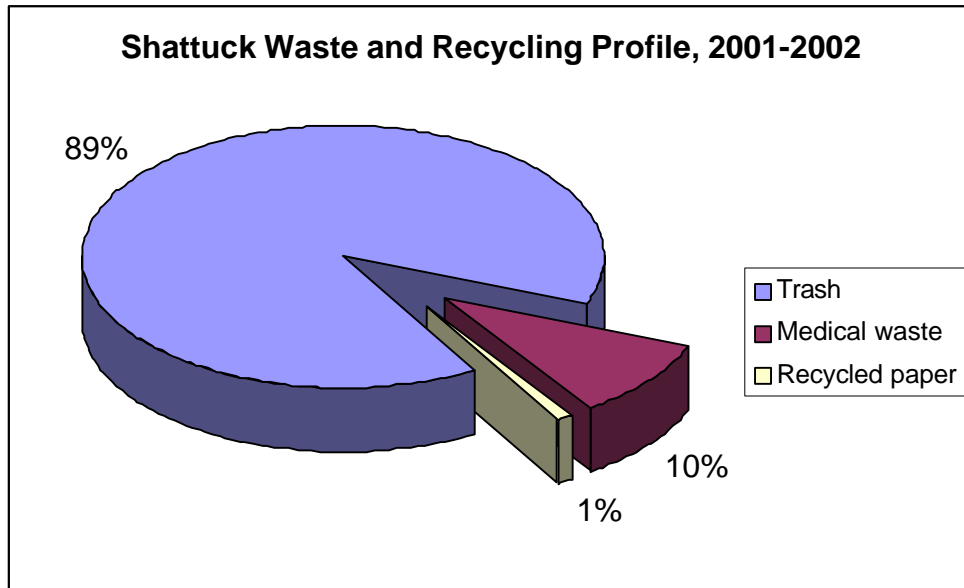
Attachment A provides Shattuck's current waste/recycling service level solid waste, medical ("red bag") waste, and recycling volume that is included in this RFR. Attachment A is based on 2001/2002 data. The hospital disposed of an estimated total of 813 tons of material (including medical wastes) in a 12-month period from May 2001 to April 2002. Shattuck's trash infrastructure consists of two rented containers: its 35-yard unit with compactor is serviced on a regular three-times-a-week schedule, while its 40-yard open container is serviced on a "call" basis as its capacity is reached. The 35-yard compactor handles over 80% of Shattuck's annual trash tonnage, including non-recycled paper, corrugated cardboard, organics (e.g., food, textiles, wood, and excluding hazardous and medical waste), plastics and other materials. The 40-yard container is used for more periodic waste, consisting of construction and demolition debris, scrap wood and pallets, old furniture, and other bulk items. Each operating unit at Shattuck is responsible for consolidating its trash in one of several central areas throughout the hospital. Trash is collected daily by Shattuck custodial/environmental staff, and transported to one of the two vendor-leased containers.

The current recycling program focuses on mixed paper. The system uses slotted lock-top bins placed throughout the hospital, which are then collected by hospital facilities staff as needed, and brought to a secure area before pick-up by the paper vendor once a month. This accommodates both confidential and general paper recyclables. The hospital continues to generate considerable amounts of mixed paper, corrugated cardboard, and other recyclable materials. Currently, there is no formal program to recycle corrugated cardboard¹ or compost organics, though the hospital wishes to establish such programs through RM.

The final component is medical or "red bag" wastes. The current medical waste company provides tubs of different sizes and red bag "liners". These containers are set throughout the hospital and collected for treatment by an external provider a minimum of twice a week. Approximately 78 tons of red bag waste was disposed from May 2001 to April 2002.² The figure below summarizes the waste generation and recycling estimates for Shattuck.

¹ A corrugated cardboard programs was instituted, but was undermined by contamination with organics.

² This number includes both "genuine" medical waste (i.e., infectious waste) intermingled with non-regulated wastes that could have been disposed of as regular municipal solid waste or recycled.



2.0 BID INSTRUCTIONS

The following section provides instructions for preparation of bid materials that must be followed if a bidder is to be considered responsive.

2.1 Statement of Receipt, Authority, and Intent to Propose

It is **highly recommended** that bidders submit a Statement of Receipt, Authority, and Intent to Propose (Attachment B) **via fax or e-mail** to the hospital primary contact, Alison MacNeil, (see Section 2.3) on or before **5:00pm, Wednesday, March 26, 2003**.

2.2 Pre-bid Conference and Hospital Tour

A pre-bid conference and tour of the hospital will be held at the hospital on **Wednesday, April 2, 2003 from 9am to 12 Noon**. **It is highly recommended that bidders who intend to submit a response attend the pre-bid meeting and tour.** Bidders should also provide, on the "Statement of Receipt, Authority, and Intent to Propose" form (Attachment B and see Section 2.1), the names and contact information of all persons from your company who are planning to attend the conference and tour. Please limit the number of people attending from your company to three (3).

The preliminary agenda includes:

- Overview presentation by Tellus and Shattuck explaining purpose of RM and operational overview
- Q&A by bidders
- Site tour the hospital

A list of attendees, and a brief meeting summary will be provided on the Commonwealth Procurement Access & Solicitation System (COMM-PASS)³ by April 16, 2003.

2.3 Queries and Primary Contact Person

All inquiries about this RFR must be made in written form, via e-mail, to the Shattuck primary contact:

Name: Alison MacNeil, Director of Contracts
Address: Lemuel Shattuck Hospital, 170 Morton Street, Jamaica Plain, MA 02130
E-mail: alison.macneil@state.ma.us
Fax: (617) 971-3851

In the interest of fairness and the best program outcome, any questions and responses will be posted on COMM-PASS. All questions must be received by **Wednesday, April 9, 2003 by 5:00pm**. Shattuck will issue responses to all questions on COMPASS by **Wednesday, April 16, 2003 before 5:00pm**.

³ See <http://www.comm-pass.com/>

2.4 Proposal Required Contents and Format

Your proposal must address all Shattuck requirements in three areas:

1. A narrative proposal for RM requirements (Your response must follow the same headings provided in Section 4).
2. A base financial proposal (i.e., pricing to take over existing waste/recycling services, see Section 5.2 and Attachment C, Bid Response Forms).
3. A proposal for an RM compensation mechanism. It is expected you will finance all RM related services through this compensation mechanism. Section 5.3 and Attachment F provide more guidance. You must submit a proposed RM compensation mechanism on the Bid Response Forms in Attachment C.

Complete responses must be received via mail/courier no later than 5:00 pm on Wednesday, April 30, 2003 to the primary contact noted in Section 2.3. Proposals received after the time and date specified above will be rejected. A complete proposal for this RFR should contain five (5) hard copies. In an effort to promote greater use of recycled and environmentally preferable products and minimize waste, all bids submitted should comply with the following guidelines:

1. All copies should be printed double sided
2. All submittals and copies should be printed on recycled paper with a minimum post-consumer content of 30% or on tree-free paper (i.e. paper made from raw materials other than trees, such as kenaf). All bids should note the level of recycled content contained in the paper being used.
3. Unless absolutely necessary, all bids and copies should minimize or eliminate use of non-recyclable or non re-usable materials such as plastic report covers, plastic dividers, vinyl sleeves and GBC binding. Three-ringed binders, glued materials, paper dividers, paper clips and staples are acceptable. Bids should be submitted in a format that facilitates review (e.g. table of contents, paper dividers, sections, etc.)
4. Vendors should submit materials in a format which allows for easy removal and recycling or reuse of materials
5. Vendors are encouraged to use other products that contain recycled content in their bid documents. Such products may include, but are not limited to, folders, binders, diskettes, envelopes, boxes, etc. Where appropriate, vendors may wish to note which products in their bids are made with recycled materials.
6. Unnecessary samples, attachments or documents not specifically asked for should not be submitted.

Proposals that are incomplete, not properly endorsed, do not follow the requested format, or otherwise are contrary to the guidelines of this RFR may be rejected as non-responsive. Attachment G is a bidder's checklist that can be used to ensure you have addressed all RFR elements.

2.5 Proposal Schedule

The following timeline will be used for this selection process. All times are in Eastern Standard Time (EST) unless otherwise indicated.

| DATE | ACTION |
|---------------------------|--|
| Monday, March 17, 2003 | RFR released to prospective providers via the Commonwealth Procurement Access and Solicitation System (COMPASS). |
| Wednesday, March 26, 2003 | “Statement of Receipt, Authority, and Intent to Propose” (Attachment B) due by fax or e-mail, 5pm. |
| Wednesday, April 2, 2003 | Pre-bid conference and hospital tour, 9am-12 noon |
| Wednesday, April 9, 2003 | Submission deadline for questions on RFR to Shattuck primary contact, by 5pm |
| Wednesday, April 16, 2003 | Summary of responses to all questions posted on COMPASS, by 5pm |
| Wednesday, April 30, 2003 | RFR responses due, by 5pm |
| July 1, 2003 | Program cutover/start date |

2.6 Response Evaluation Criteria

The evaluation criteria for RM responses include the following (criteria are not in order of ranking or weighting):

1. *Proposal Presentation*

- Thoroughness of proposal

2. *Bidder's Qualification*

- Overall company quality in terms of reputation, financial strength, continuity of management, and ability to support indemnification and performance guarantees
- Corporate experience and performance in waste reduction, and management of contracts of similar size and nature
- Quality and customer focused processes

3. *Technical/Service*

- Ability to meet Shattuck's RM requirements (per Sections 3, 4)
- Proposed transition plan to take over existing services that minimizes impact on hospital operations, and quickly launches RM program
- Service capabilities and responsiveness
 - Supply chain management (source capabilities/management of subcontractors)
 - Environmental health & safety experience and record with respect to applicable regulatory programs
 - Customer communications
 - Technical staff qualifications
- Ability to provide continuous management services to help achieve goals
- Ability to facilitate continuous reduction in waste generation and increase diversion

4. *Management*

- Management leadership

5. *Financial Benefit*

- Demonstrated price/cost reductions for total waste management system

Lowest price will not be the sole determining factor in awarding the contract. Rather, Shattuck may award to the bidder whose proposal, in our opinion, represents the ***best value bid***, as determined by evaluation to above criteria.

2.7 Proposal Correction or Withdrawal of Proposal Prior to Closing Date

Any proposal may be withdrawn or modified by written request of the bidder provided such request is **emailed** to Shattuck by the deadline stipulated in Section 2.4. Modifications received after the due date will not be allowed. Each correction to your proposal must be clearly marked by the bidder.

2.8 Additional Information, Investigation and Inspection

Shattuck or its representatives reserves the right at any time to request clarification from any or all bidders submitting a proposal. Shattuck reserves the right to request site visits to one or more of the bidder's existing customer facilities, to speak directly to references, and to make independent investigations as to the qualification of any bidder at anytime during the process.

2.9 Treatment of RFR and Proposal Information

All data and business information provided in this RFR are to be used solely for the purpose of responding to this inquiry. All proposal materials submitted shall become the property of Shattuck Hospital. No proposals or associated documentation will be returned.

2.10 Responsibility for Costs

Shattuck will not reimburse any bidder for any costs involved in the preparation and submission of the proposals, in making an oral presentation, or in contract negotiations. Bidders are responsible for all costs associated with responding to and submitting a proposal as part of this solicitation process.

2.11 Non-Standard Proposal Submissions

While we recognize that this RFR request that you describe your business in ways that may be different than your normal business practice, we nonetheless require that proposals be submitted in accordance with the instructions contained in this RFR. Proposals must follow the required format as outlined in this section, Section 4, and Attachments C through E.

2.12 Reservations and Limitations

Shattuck reserves the following rights and options:

- To reject any and all proposals that fail to meet the requirements specified in this RFR document

- To reject any and all non-responsive proposals
- To waive irregularities in any proposal as Shattuck may elect to waive
- To issue subsequent requests for new proposals
- To discontinue its negotiations after commencing negotiations with a finalist, if progress is unsatisfactory, and commence discussions with another bidder

3.0 SCOPE OF SERVICES

This section provides a general description of the scope of services sought, period of performance, locations of service, and other issues pertaining to providing RM services. RM elements that should be considered in bidders' narrative proposals are further detailed in Section 4.

3.1 General

The Vendor will be required to expertly manage all wastes generated by Shattuck (see Attachment A) according to the following hierarchy: (1) reduces generation of discards,⁴ (2) reuse/return/donate,⁵ (3) recycle/compost, and (4) dispose. Services required of the successful bidder include the following:

To take over existing services

- Provide or arrange for containers, collection, pick-up, transportation, segregation, specific processing, shipment and marketing of discarded materials;
- The Vendor shall provide monthly billing statements to Shattuck with ***all hauling costs separate*** from secondary material processing, recycling revenues/ fees, or waste disposal tip fees. Bills shall include all applicable facilities at required level of detail.

RM-related services

Details are provided in Section 4. Some examples include:

- Development and implementation of cost-effective plans for the reduction, reuse, recycle and/or final disposal of all waste materials generated by the hospital with Shattuck's approval;
- Oversight and coordination of on-site source separation (**Note:** hospital staff are responsible for most in-house collection and transport of materials);
- Training and/or educational outreach for hospital staff and possibly a limited number of other vendors;
- Performance monitoring, data tracking (pick-up weights and volumes by material, etc.), and comprehensive reporting; and
- Participation in hospital RM team meetings as required.

Currently, mixed paper is the only regularly generated material being recycled. The successful RM vendor will be expected to expand and improve this program while helping Shattuck maintain compliance with patient confidentiality portion of the Health Insurance Portability and

⁴ This includes any mutually agreed upon material that is deemed "waste", recyclables/compost, or surplus. The emphasis is limiting materials that need to be managed as outputs.

⁵ This may include, for example, internal reuse programs, or working with suppliers on return/takeback arrangements.

Accountability Act [HIPAA]. The Vendor is also expected to introduce new programs to recycle additional materials where practicable.

The Vendor will be required to maintain third-party receipts, for the duration of the contract, showing weights of materials sold, resulting costs and revenues for materials generated by Shattuck. Shattuck maintains the right to review all such documentation, within one working day of its request, at any time during the contract.

Bidders shall submit a narrative proposal for RM requirements per Section 4 that details the proposed *process* to manage Shattuck resources and achieve the stated purpose and objectives of the Resource Management Program while managing wastes according to the above hierarchy.

3.2 Period of Performance

Shattuck Hospital is looking for a strategic long-term partner and understands many resource efficiency initiatives will take time to develop a comprehensive program. As such, this contract will be awarded for a minimum period of three (3) years with three (3) one-year renewal options. The initial three-year period is a commitment to work with the Vendor on the RM program, after which the program may be extended for a maximum of three one-year periods if the program is successful and meets Shattuck's expectations.

3.3 Supplier Capabilities

It is understood that suppliers responding to this request for proposal may not have the capability to undertake all the outlined tasks on their own. The successful candidate may develop cooperative agreements with subcontractors in order to provide and manage the full scope of services requested by the hospital. Detailed information on these collaborations must be submitted as part of the original proposal (see Section 4.1). Please note the requirement that the successful RM subcontract for collection of any medical waste or hazardous materials with one of the awarded contractors on MA Statewide Contract #ST9J213A, Hazardous Materials Collection services, and any collection of fluorescent lamps, ballasts, CRTs, computers and similar materials must be collected by one of the awarded contractors on MA Statewide Contract #FAC26.

4.0 NARRATIVE PROPOSAL FOR RM REQUIREMENTS

This section outlines minimum RM responsibilities and activities the Vendor will be required to perform. Consistent with the goals of the RM program, quantities of waste currently disposed are expected to decrease over the contract period. Additionally, Shattuck expects any new programs that reduce landfilled waste to be designed and implemented after the contract is awarded. To respond to this RFR, simply describe your methodology or process you will employ to meet Shattuck's RM goals. All narrative proposals should follow the headings below, and provide concise responses to the information requested in all subsections. Bidders are expected to respond to all items in as much detail as necessary for Shattuck Hospital, its representatives and consultants to make a fair evaluation of your proposal.

4.1 RM Program Management

Provide a brief description of your overall management approach to the following:

- Describe your vision of an RM program for Shattuck Hospital.
- Identify your specific project personnel or teams that will be devoted to Shattuck's RM program. Include the immediate company resources that will support them (resources/expertise, training, networks, etc.).
- Employee stability is essential to the RM program's success. What does your company do to maintain a stable workforce?
- Discuss how you plan to identify and establish working relationships with Shattuck staff (e.g., environmental services, custodial, nursing) key to waste reduction and recycling efforts, and why such an approach will lead to successful program results.
- Identify any third parties with whom you will partner to provide the RM services requested in this RFR, including which elements you propose each third party will cover, and their credentials to provide these services.
- Complete Attachment D, "Supplier General Information".

4.2 Environment and Safety Issues

The RM must comply with all applicable regulations (local, State, Federal) and Shattuck policies governing the recycling, storage, transportation and disposal of waste streams. Lack of knowledge of the bidder shall in no way be a cause for relief from responsibility or constitute a defense against the legal effects thereof.

- Describe your company's environmental and safety programs, and expertise (training, credentials, etc.) of the staff members you propose to work in Shattuck's RM program.

4.3 Process to Manage Shattuck's Resources

All bidders shall provide a *process* that outlines the approach and methods for achieving the purpose and objectives of RM in Sections 1.2 and 1.3 and the management of wastes per the management hierarchy in Section 3.1. This section asks you to propose a **methodology** to identify concrete areas for improvement in managing Shattuck's "resources", and capitalize on

cost effective opportunities to improve or introduce new waste reduction, reuse, and recovery activities.

Shattuck understands that data in this RFR is limited and that the successful bidder will refine their process and plans as they become more familiar with the hospital. Thus, Shattuck may, after 3-6 months of the contract, require the selected Vendor to submit an “RM operations plan” that provides more detail to bolster the details you provide in this section.

The operations plan should specifically address your process or methods in the areas addressed below:

4.3.1 Method to Identify Areas for Potential Improvement

- Detail the methods you would apply to identify specific opportunities to reduce, reuse, or recycle the volume of waste generated and disposed of at Shattuck throughout the life of the contract:
 - How would you identify immediate areas for improvement at program inception? Please provide a timeline for when you expect activities to occur, beginning at implementation through the first 6 months of the contract.
 - Explain how you plan to implement a process to provide continuous improvement in resource efficiency (waste reduction, reuse, recycling/composting) over the term of the contract (e.g., audits, outreach and communications, etc).

4.3.2 Specific Opportunities to Reduce Waste, Reuse, or Increase Recovery

- Based on your knowledge of Shattuck’s operating environment, the data in Attachment A, and your own expertise, identify potential measures or activities to:
 - Reduce waste at the source (i.e., reduce paper consumption).
 - Eliminate waste by reusing or returning purchased materials (e.g., shipping containers/packaging or pallets; finding alternative uses for surplus furniture and other equipment). This may involve working with hospital procurement/purchasing staff and their suppliers.
 - Improve and expand materials being recycled/composted, including steps of source separation, collection and storage (e.g., containers), transportation and sale to end markets.
 - Optimize material pick-ups or “right size” containers to minimize cost, maximize transportation efficiency, and encourage diversion.
- To the extent possible, include a description of labor, activities, and equipment required for the above, and be sure to include any outreach/education activities required.

4.3.3 Procedure to Propose and Implement Waste Reduction Activities

- Describe your procedure to propose to Shattuck the types of activities/solutions you identified in Section 4.3.2. Your answer should touch on the following elements:
 - How do you propose to develop business plans to justify implementation and estimate potential savings or costs? What information will these plans include to facilitate Shattuck decision-making?
 - What process do you propose to obtain Shattuck approval for implementation of a specific proposed activity?
 - How will you monitor outcomes and track actual savings or costs associated with each activity once implemented?

4.4 Billing

The Vendor shall provide monthly billing statements to Shattuck with ***all hauling costs separate*** from secondary material processing, recycling revenues/ fees, or waste disposal tip fees. Transparent billing will ensure the RM vendor and Shattuck can recoup cost savings that will be shared.

- Present your procedures for billing and allocation of costs (from pick-up to bill). Propose line items you envision that meet the above requirements for cost transparency. A sample bill or invoice is strongly encouraged.

4.5 Reporting and Performance Review

The selected RM vendor will provide a comprehensive quarterly report that includes all activities related to recycling and waste minimization efforts including costs, metrics, service levels, etc. The quarterly reports are meant to provide visibility into waste minimization/recycling progress, performance, and costs/savings. With this in mind:

- Describe your method and any software tools that will be used to track Shattuck's waste streams (e.g., weights/volumes by material), service levels (e.g., pick-ups for various materials), and costs.
- Explain how this data will be made available to hospital personnel.
- Discuss your suggested content and format for quarterly progress reports to Shattuck.
- Discuss your approach for validating cost savings.
- Enumerate potential performance metrics consistent with the RM program goals, and explain the purpose and utility of each.

The specific reporting elements will be mutually determined during the implementation phase and adjusted as necessary throughout the contract. It is anticipated that the successful bidder will generate a draft quarterly report after the first 3 months of the program. In this first report, the RM vendor will note specific data deficiencies that may prevent its ability to report data as required, and propose how these deficiencies can be overcome. It is anticipated the second

report, after month 6 of the program, will be fairly complete and become the standard format for subsequent reports.

4.6 Quarterly RM Meetings

The Resource Management Team at Shattuck and the RM vendor shall meet on a regular basis (at least quarterly) to discuss progress, status, and performance of services. The successful bidder will be largely responsible for spearheading and facilitating these meetings.

- Confirm your willingness to participate and run the quarterly meetings

4.7 Bidder's References

- Please complete Attachment E.

5.0 PRICING

This section outlines the guidelines for preparing your quote for RM services at Shattuck Hospital. You must submit your financial bids on the forms in Appendix C. You should prepare your quote for the requested services over a three-year period (the initial contract length). We have divided requested services to be bid in two sections: 1) a base financial proposal and 2) a Resource Management compensation structure.

5.1 General

The selected supplier will provide the RM services described in this RFR. Shattuck recognizes that the typical approach in the marketplace to providing these services is to charge a management fee in addition to the cost of hauling and disposal. This is not the type of approach Shattuck desires. Rather, the hospital is prepared to make an extraordinary commitment to the right partner(s) and develop a compensation structure that is tied directly to Vendor performance allowing the successful partner(s) to share in the savings achieved under this program. This rewards the successful partner(s) for bringing technical expertise, process discipline, best industry practices, new technologies, metrics and industry talent to implement a successful program.

Shattuck will only consider responses that meet all of the requirements for the RM program (see Section 4), and is consistent with program objectives (see Section 1). We seek an RM provider who can achieve favorable pricing on waste and recycling, and provide a range of additional resource management services. To successfully meet its goals, Shattuck is prepared to develop a strategic partnership with a provider over a minimum three (3) year period.

5.2 Base Financial Proposal

Shattuck Hospital is seeking a supplier that can achieve competitive pricing on existing waste and recycling services for all of its facilities. The base proposal must at a minimum include the billing, reporting and data management requirements as defined in Sections 4.5 and 4.6.

The base financial proposal must include two components: (1) a bid for hauling, recycling and disposal service, and (2) an estimate of revenues or costs associated with existing recycling levels. In short, the base proposal should reflect the price to overtake the existing levels of service as detailed in Attachment A. *Bidders must submit a base proposal in the format of Attachment C (Bid Section C-I).* **Please bid based on 2001/02 service levels provided in Attachment A.**

5.2.1 Waste Disposal (including Medical Waste)

- Separate costs for hauling and disposal must be submitted for non-medical waste
- Medical waste should be priced by the number of steri-tubs or tons processed, with separate hauling fees
- There are to be no volume guarantees on behalf of Shattuck. The objective of the program is to decrease the amount of waste sent to the landfill/incinerator or autoclave.

5.2.2 *Recycling*

- Hauling and processing costs must be separate
- Shattuck is open to innovative structures such that the Hospital and the successful bidder share in the benefits of recycling during high commodity markets and share the risk during low markets.

5.3 **Proposals for Resource Management Compensation**

The goal of the RM program is to allow the successful bidder to profit from helping Shattuck achieve cost effective diversion and waste reduction. Shattuck understands the successful bidder will incur costs to provide RM related services. Instead of proposing additional fees for these services, the successful bidder is expected to propose a means to cover any recurring expenses, along with its profit margin, from overall RM program savings. You may also choose to propose a cost recovery mechanism for start-up expenses (see Attachment F to this RFR). Your proposal for Resource Management compensation that will provide you with an incentive for waste reduction, efficiency, and service enhancement should be completed following Attachment C, Bid Section C-II.

Savings may come from avoided landfill disposal costs, reduced hauling fees, increased recycling revenues; elimination of a waste stream altogether, or any other documented cost savings. Overall program savings must be documented against reductions in the baseline costs. Baseline savings can be achieved in a number of ways, including but not limited to:

- Increased recycling from existing programs through better education and outreach to Shattuck employees
- Stream lined logistics through optimization of container sizes and pick up schedules
- Implementation of new recycling programs (new materials or new facilities)
- Working up stream with suppliers on packaging or returnable drum/pallet systems
- Other diversion initiatives

The service levels for 2001 in Attachment A will serve as the starting point to establish a baseline level of service and associated program cost. Within the first 3 months of the program, the successful bidder and Shattuck will establish a mutually agreed upon baseline. This baseline will be calculated based upon the negotiated prices as set forth in the base proposal and any changes to the 2001 service levels measured carefully over the first 3 month period. This new baseline will serve as the level from which diversion levels and cost savings will be measured.

Attachment F outlines some **options** for different compensation elements that you may wish to consider for your proposal.

**ATTACHMENT A: SHATTUCK HOSPITAL WASTE AND RECYCLING SERVICE LEVELS,
2001**

Table A1. Waste Tonnage Estimate (May 2001-April 2002)

Regular Waste (151 pick-ups for 35-yd over period, 22 for 40-yd)

| | 35-yd disposal tonnage | 40-yd disposal tonnage | Tons disposed (tons) |
|-------------------|---------------------------|---------------------------|-------------------------|
| May-01^ | 51.2 | 9.1 | 60.4 |
| Jun-01^ | 51.2 | 9.1 | 60.4 |
| Jul-01 | 59.0 | 6.2 | 65.2 |
| Aug-01 | 56.5 | 6.3 | 62.8 |
| Sep-01 | 56.2 | 5.0 | 61.1 |
| Oct-01 | 58.5 | 14.0 | 72.4 |
| Nov-01 | 59.8 | 18.0 | 77.8 |
| Dec-01 | 55.9 | 0.0 | 55.9 |
| Jan-02 | 58.3 | 9.2 | 67.6 |
| Feb-02 | 52.1 | 11.9 | 64.0 |
| Mar-02 | 49.4 | 8.5 | 57.9 |
| Apr-02 | 62.7 | 12.3 | 75.0 |
| Est. Total | 614.9 | 109.6 | 725 |

^ Based on average disposal tonnage for other 10 months in absence of data.

Table A2. Medical Waste Tonnage Estimate (May 2001-April 2002)

(104 pick-ups for period)

| | Estimated Weight (lb)* | QTY** |
|--------------------------|---------------------------|--------------|
| May-01^ | 12,930.2 | 465 |
| Jun-01^ | 12,930.2 | 465 |
| Jul-01 | 13,033.0 | 455 |
| Aug-01 | 11,909.0 | 447 |
| Sep-01 | 10,276.0 | 387 |
| Oct-01 | 13,262.7 | 489 |
| Nov-01 | 13,397.3 | 456 |
| Dec-01 | 14,221.7 | 498 |
| Jan-02 | 14,495.8 | 495 |
| Feb-02 | 12,874.8 | 452 |
| Mar-02 | 13,540.2 | 483 |
| Apr-02 | 12,291.2 | 484 |
| Est. total (lbs.) | 155,161.9 | 5,575 |
| Est. total (tons) | 78 | |

^ Based on average disposal tonnage for other 10 months in absence of quantity/weight data.

* Estimated from loads with reported weights, and using average weights for those not reported (33% of loads).

** Large 7.5 cu. ft tubs.

Table A3. Waste and Recycling Service Level Summary (May 2001-April 2002)

| Contract | Service Level | Estimated Annual Tons Managed |
|-------------------------------------|--|--------------------------------------|
| Trash | <ul style="list-style-type: none"> ♦ 35-yd container (w/ compactor), three-time-a-week regular pick-up ♦ 40-yd container, on-call pick-up ♦ Container rental ♦ Landfill disposal | 725 |
| Mixed Paper and confidential paper* | <ul style="list-style-type: none"> ♦ On-call pick-up, normally once per month ♦ Paper recycling, normally 4 “gaylords”/month | 10 |
| Medical Waste | <ul style="list-style-type: none"> ♦ Twice-a-week regular pick-up ♦ Provision of red bio-hazard bags and receptacles ♦ Medical waste treatment/disposal | 78 |
| Totals | | 813 |

* 10/01 to 10/02

ATTACHMENT B: STATEMENT OF RECEIPT, AUTHORITY AND INTENT TO PROPOSE FORM

Please return your response to this attachment (this and following page) via fax to Alison MacNeil at (617) 971-3851 or e-mail (alison.macneil@state.ma.us) by no later than 5:00pm EST on Wednesday, March 26, 2003. Detailed information on the pre-bid meeting (directions, agenda, etc.) will be sent prior to the meeting.

Authorization

The individual submitting the Proposal represents and certifies as part of the Proposal that he/she is authorized to act as an agent for the company responsible for this Proposal.

Independent Preparation of Proposal

Any proposal submitted in response to the RFR will be developed independently, without consultation, communication, or agreement for the purpose of restricting competition, to any matter relating to costs or terms with any other respondent or any representative of such respondent.

A. Statement of Receipt and Intent to Propose

| | |
|-----------|------------------------------------|
| _____ | Hereby acknowledges receipt of RFR |
| (Company) | |
| _____ | Print name |
| _____ | Authorized Signature |
| _____ | Title |
| _____ | Date |

Please **"BOLD"** one and delete the other **BEFORE RETURNING THIS PAGE.**

We plan to submit a proposal in response to the Shattuck Hospital RFR for Resource Management Services.
(Please fill in Part B and C)

We do not plan to submit a proposal in response to the Shattuck Hospital RFR for Resource Management Services.
Please tell us why you are not proposing:

| |
|--|
| |
| |
| |
| |

B. Authority and Intent to Propose

Companies must designate one point of contact for all proposal communications. Each bidder is responsible for notifying Shattuck Hospital immediately of any change to such point of contact.

| | |
|--|--|
| Name of Authorized Agent: | |
| Title of Authorized Agent: | |
| Company Represented: | |
| Initials of Authorized Agent (signature): | |
| Date: | |

| | |
|-------------------------|--|
| RFR Contact: | |
| Contact Address: | |
| Contact Email: | |
| Contact Phone: | |

C. Representatives Attending Pre-bid Conference and Hospital Tours

| | |
|---|--|
| Number Attending Site Visits (max. 3): | |
| | |
| 1. Name and title of attendee #1 | |
| Tel. No. | |
| Email Address | |
| | |
| 2. Name and title of attendee #2 | |
| Tel. No. | |
| Email Address | |
| | |
| 3. Name and title of attendee #3 | |
| Tel. No. | |
| Email Address | |

ATTACHMENT C: RFR BID RESPONSE FORMS

Please complete the following bid forms in accordance with Section 5 and service levels in Attachment A.

Bid Section C-I. Base Proposal – Waste and Recycling Service Cost

Please provide your waste and recycling service costs for Contract Year 2004 based on the service level in Attachment A. You are also given space below the table to document any expected rate changes in subsequent contract years.

If this bid is accepted, the contract will in no way guarantee the successful bidder the current estimated tonnage or levels of service (see Attachment A) over the life of the contract. In fact, it is Shattuck's intent with an RM program to increase diversion such that land filled tonnages and waste hauling service will decrease while recycling service will increase over the contract period.

Non-Regulated Waste Disposal

| | Contract Year 2004 ** | | |
|---|------------------------------|-----------------------|---------------|
| | Unit cost | Estimated No. Units * | Sub-Total |
| Hauling (per pick-up, 35-yd compactor) | \$ | 151 | \$ |
| Hauling (per pick-up, 40-yd open box) | \$ | 22 | \$ |
| Disposal (per ton) | \$ | 725 | \$ |
| Other Costs ++ (_____ _____) | \$ | | \$ |
| Estimated Total Waste Collection and Disposal Cost | | | \$ (1) |

* Base estimates on service level in 2001/02 (see Attachment A); ** Contract Year 2004 runs July 1, 2003 to June 30, 2004, similar in subsequent years. ++ Specify the type of costs (e.g. container rental) in space given in table.

Indicate in the table below if you expect changes in Contract Years 2005 and 2006 to the rates bid for Contract Year 2004.

| | Contract Year 2005 | Contract Year 2006 |
|----------------------|--------------------|--------------------|
| Hauling rate change | | |
| Disposal Rate change | | |
| Other cost change | | |

Medical Waste Disposal

| | Contract Year 2004 ** | | |
|---|------------------------------|--|---------------|
| | Unit cost | Estimated No. Units * | Sub-Total |
| Hauling (per pick-up) | \$ | 104 | \$ |
| Disposal (Please underline unit: per pound or steri-tub) | \$ | 155,000 lbs. or 5,575 7.5 cubic foot tubs | \$ |
| Other Costs ++ () | \$ | | \$ |
| Estimated Total Medical Waste Collection and Disposal Cost | | | \$ (2) |

* Base estimates on service level in 2001/02 (see Attachment A); ** Contract Year 2004 runs July 1, 2003 to June 30, 2004, similar in subsequent years. ++ Specify the type of costs (e.g. container rental) in space given in table.

Indicate in the table below if you expect changes in Contract Years 2005 and 2006 to the rates bid for Contract Year 2004.

| | Contract Year 2005 | Contract Year 2006 |
|----------------------|--------------------|--------------------|
| Hauling rate change | | |
| Disposal Rate change | | |
| Other cost change | | |

The Hospital may entertain alternative proposals for alternative containers that are more economical and effective than large 7.5 cubic foot tubs.

Paper Recycling

Indicate the number and size of receiver containers (provide costs of containers, if any, in “Other Costs” portion of table below):

| | Contract Year 2004 ** | | |
|---|------------------------------|-----------------------|------------------|
| | Unit cost | Estimated No. Units * | Sub-Total |
| Hauling (per pick-up) | \$ | | \$ |
| Processing (per ton) | \$ | 10 | \$ |
| Other Costs ++ () | \$ | | \$ |
| Estimated Total Paper Recycling Cost | | | \$ (3) |

* Base estimates on service level in 2001/02 (see Attachment A); ** Contract Year 2003 runs July 1, 2003 to June 30, 2004, similar in subsequent years. ++ Specify the type of costs (e.g. container rental) in space given in table.

Indicate in the table below if you expect changes in Contract Years 2005 and 2006 to the rates bid for Contract Year 2004.

| | Contract Year 2005 | Contract Year 2006 |
|----------------------|--------------------|--------------------|
| Hauling rate change | | |
| Disposal Rate change | | |
| Other cost change | | |

Total cost of non-regulated, medical waste, and paper recycling (add shaded boxes (1) through (3) of above tables):

\$ _____

Bid Section C-II. Resource Management Compensation

Shattuck Hospital intends to share documented savings that come from resource efficiency improvements proposed by the RM vendor, including but not limited to: avoided hauling cost, avoided disposal cost, commodity revenue or other Shattuck Hospital cost savings the successful bidder can document. The bidder is required to propose a feasible and equitable contract mechanism outlining how cost savings will be shared for the three contract years. Please see Attachment F for examples of potential compensation mechanisms, and provide required descriptive support and tables in this section. Bidders are encouraged to propose innovative, equitable compensation schemes. As per Section 5.3 of this RFR, the Vendor and the hospital will establish a mutually agreed upon baseline in the first 6 months of the program.

Note: The successful bidder will be required to track and report savings that come from the RM program. The actual compensation mechanism for RM services will be negotiated and finalized during contract negotiation. (Attach additional pages as necessary)

Name: _____

Title: _____

Signature: _____

Company Name: _____

Date: _____

ATTACHMENT D: SUPPLIER GENERAL INFORMATION

Please provide the information requested below.

| | |
|---|--|
| Supplier Name: | |
| Address: | |
| Phone Number: | |
| Fax Number: | |
| Hours/Days of Operation: | |
| Emergency operation hours/services: | |
| General company description: | |
| Years in business: | |
| Company Status (Public, Private, Subsidiary): | |
| 2001 Revenue: | |
| Number of customers: | |
| Number of customers in the New England Region: | |
| Number of customers in the healthcare industry: | |
| Number of employees: | |
| Number of employees in the New England Region: | |
| Number of employees servicing the healthcare industry (hospitals/clinics): | |
| Office locations: | |
| Provide a description of your client base: | |
| List Parent company and/or subsidiaries: | |

ATTACHMENT E: BIDDER REFERENCES

Provide the names, contact and other information of three (3) current customers with similar facility management needs and organizational structure as Shattuck whom we may contact for references. By providing this information, you authorize Shattuck Hospital (or designated representative) to contact these customers.

| | |
|--|--|
| Customer Reference #1: | |
| Company name | |
| Business type | |
| Contact person | |
| Title | |
| Telephone | |
| Email | |
| Address | |
| Services provided | |
| Approximate contract value (\$) and/or tonnage managed | |
| Number of years as customer | |
| Waste minimization/recycling milestones | |

| | |
|--|--|
| Customer Reference #2: | |
| Company name | |
| Business type | |
| Contact person | |
| Title | |
| Telephone | |
| Email | |
| Address | |
| Services provided | |
| Approximate contract value (\$) and/or tonnage managed | |
| Number of years as customer | |
| Waste minimization/recycling milestones | |

| | |
|--|--|
| Customer Reference #3: | |
| Company name | |
| Business type | |
| Contact person | |
| Title | |
| Telephone | |
| Email | |
| Address | |
| Services provided | |
| Approximate contract value (\$) and/or tonnage managed | |
| Number of years as customer | |
| Waste minimization/recycling milestones | |

ATTACHMENT F: RESOURCE MANAGEMENT COMPENSATION OPTIONS

Option 1. Fixed Cost with Guaranteed Cost Reductions. The RM provides all services (hauling, recycling, disposal, containers, personnel, equipment/materials, etc.) for a pre-defined, fixed annual cost. This cost is determined based on the previous year's total costs and includes a guaranteed cost reduction.

For example, assume after the initial contract period it is determined that, for the scope of facilities included in the contract, the customer is paying \$120,000 per year for its services. The initial monthly cost would then be \$10,000. Lets further assume that the Vendor agrees to provide the customer with a 5%⁶ annual cost reduction (\$6,000 total or \$500 per month). Under this option, the customer would then pay the Vendor \$9,500 per month during the first year. This would be a profitable proposition for the Vendor if they have a decent level of confidence they can realize greater than 5% cost savings within the first year. For example if they achieve a 15% reduction in costs, they would keep 10% while maintaining the guaranteed 5% reduction to the customer. This can work well when the amount of waste generated remains relatively constant. The mechanism would contain a clause such that if waste generation exceeds a threshold (say +/- 5%) over the baseline that was used to determine the annual cost of services, the base fee is revisited. Thus, if some external circumstances (such as expansion of a facility) cause a large increase or decrease over this threshold, both parties reset the base fixed fee.

The advantage of this mechanism is that it is relatively simple and the customer is able to budget for each year with a high degree of certainty. It provides an incentive to the Vendor to provide the required services in a more cost effective way, since savings go straight to the Vendor's bottom line.⁷ It would also shift more of the responsibility to the Vendor to drive down costs. However, in theory, the customer doesn't have a direct financial incentive to continue to improve since it is guaranteed 5% (no more and no less). It is generally used when generation levels have been fairly predictable and stable. It might not be appropriate if generation fluctuates wildly and both parties are constantly re-setting the base fixed fee.

A simple bid table for this option might look like the following:

| | 2003 | 2004 | 2005 |
|--|------|------|------|
| 1. Resource Management Fee. Indicate the annual fixed fee for the first three years to cover the all base services as detailed in Attachment A and additional RM Requirements per Section 4 of this RFR. | \$ | \$ | \$ |
| 2. Guaranteed savings as a % for each contract year | | | |
| 3. Indicate gain shared savings split beyond guaranteed savings shared between X Corporation and Vendor; X Corporation % / Vendor % | | | |

Option 2. Pass-Through of Service Costs with "Shared Savings" and Performance Bonus. The Vendor provides all required services (such as tip fees, hauling fees, container rental) on a "cost pass through" basis. When the Vendor implements changes or improves the system to permanently decrease costs, they share in some of those savings.

There are numerous ways in which shared savings can work, especially in playing with the percent of savings received by the customer and the Vendor. Several options are outlined below; the percentage split in shared savings is shown for exemplary purposes.

⁶ Note: All % splits are used as examples, and may be adjusted as fits the given situation.

⁷ This can occur either by reducing decreasing unit price of disposal, or, more importantly, decreasing volume disposed/increasing diversion, or managing the process (hauling, handling, contract management) more efficiently.

- a) The Vendor and the customer share all cost savings at 50/50 percent.
- b) The customer gets 100% of the savings up to a predetermined level (say 5%). Once this level has been reached, then the customer and the Vendor split the savings above this amount usually in a ration that benefits the Vendor. For example, you could let the customer get the first 5% and then above this amount, the customer gets 30% of the savings and the Vendor gets 70%.
- c) The use of a performance bonus is a third option. Under such a scheme, the Vendor might propose an increase in the percentage of cost savings given to the Vendor when they met certain performance targets that are of importance to the customer. For example, as a variation on option 1, initial savings are split 50/50. However, if the Vendor is able to meet certain performance targets (for example, increasing overall recycling by 10% in any given year), the shared savings would be split at a level of 60% to the Vendor and 40% to Lemuel Shattuck Hospital.

e.g., performance target based on diversion rate:

| Diversion Rate | Split (%Shattuck/Vendor) |
|---|---------------------------------|
| Current diversion rate | X%/Y% |
| Current diversion rate +15% | X-10%/Y+10% |
| Current diversion rate +20% | X-20%/Y+20% |
| Current diversion rate +>25% | X-30%/Y+30% |
| <i>OR</i> | |
| Waste Reduction (as measured from baseline, % in total generation, normalized if possible) | Split (%Shattuck/Vendor) |
| -10% | X%/Y% |
| -15% | X-10%/Y+10% |
| -20% | X-20%/Y+20% |
| -30% | X-30%/Y+30% |

We recommend option “c” due to its focus on measurable improvements to performance. Without this link between incentives and environmental goals, there is the risk that only the “easy” cost savings from economies of scale and leveraged buying are pursued to the detriment of cost savings that can be achieved from “resource efficiency”. This includes diverting more materials (taking advantage of marginal total cost of recycling vs. disposal), making handling and hauling procedures more efficient, “right-sizing” containers for cost savings and behavioral change (e.g., smaller trash bins, more prominent recycling stations), helping “design out” packaging or other generation in the first place.

Overall, this option will require a bit more tracking of costs compared to option 1 but it does reduce the Vendor’s risk in guaranteeing cost reductions up front. Its intent is to increase the incentive to the Vendor and the customer to decrease system wide costs and achieve pre-determined diversion and waste reduction goals. By tying increasing levels of diversion/waste reduction to increasing incentive levels, there is a proportionately higher inducement to commit resources to going after these improvements and higher diversion levels.

Other Options

Compensation per unit

(E.g., \$/per unit of product made or \$/employee, square foot for institutional clients), \$\$/square foot for retail)

Advantages are that costs “self-adjust” to production or work loads, and there is an incentive to the Vendor to decrease costs for larger profit margin. As with other compensation options, however, unavoidable cost increases (rates) can require renegotiation. This “per unit” method is extremely difficult to apply in cases where there are many different types of “units” in play. It may work well for an auto producer or company that makes a single or limited number of products, but will not work well for manufacturers who make tens of hundreds of different products. If the Vendor and the customer are confident in the costs, such a mechanism may be worth investigating.

Compensation for any capital expense type project

Some improvements may require some upfront capital costs – the purchase of new recycling containers, for example. In such cases, either the Vendor or customer can put up the capital, but any capital costs should be fully recouped before the gain-sharing split takes effect.

Savings should be determined from a baseline of a minimum of 6 months of service/cost records. Savings will first be used to recoup 100 percent (or another predetermined percentage, with dollar cap) of any additional costs associated with the implementation of a proposed activity. Eligible costs should include any costs associated with additional containers, equipment, processing fees, but will not include the Vendor labor to design and implement the program. Once any eligible costs have been recouped, the Vendor and the customer can split the remaining savings at a 50/50 split, or choose some other split as described above.

Above all, the compensation structure must be established in a way that is beneficial for both parties. Mutual benefit is critical to establishing a strong, long-term relationship.

ATTACHMENT G: BIDDER'S CHECKLIST

| √ | Requirement | Relevant RFP section(s) |
|---|--|-------------------------|
| | Statement of Receipt, Authority, and Intent to Propose | 2.1, Attachment B |
| | RM Program Management | 4.1 |
| | Supplier General Information | Attachment D |
| | Environment and Safety Issues | 4.2 |
| | Process to Manage Shattuck's Resources | 4.3 |
| | Billing | 4.4 |
| | Reporting and Performance Review | 4.5 |
| | Quarterly RM Meetings | 4.6 |
| | Bidder's References | 4.7, Attachment E |
| | <u>Pricing</u> | 5.0 |
| | 1) Base Financial Proposal | 5.2, Bid Section C-I |
| | 2) Proposals for Resource Management Compensation | 5.3, Bid Section C-II |